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DEPARTMENT FOR WHA A/S SHANNON AND WHA/CEN

E.O. 12958: DECL: 12/01/2016
TAGS: [PREL](#) [PGOV](#) [PINR](#) [KDEM](#) [NU](#)
SUBJECT: ASSISTANT SECRETARY SHANNON'S MEETING WITH MFA
CALDERA

Classified By: Ambassador Paul A. Trivelli. Reasons 1.4 (B,D).

11. (C) Summary: On November 28, Assistant Secretary Thomas Shannon discussed with Nicaraguan Foreign Minister Norman Caldera the outcome of Nicaragua's November national elections, predictions for the Ortega government and its regional implications, and Caldera's future plans. While Caldera believes that Ortega's stance and tone thus far are encouraging, he doubts that the new president will hold this position for long, as the conflicting demands of maintaining sound economic policies will collide with the unrealistic social expectations generated during the campaign period - including lowering bus fares in Managua. Caldera has encouraged Ortega's technical advisers to take a slow and steady approach, including maintaining the current Foreign Assistance Secretariat under the Foreign Ministry instead of starting from scratch. End Summary.

12. (C) Before his lunch meeting with President Bolanos, Foreign Minister Caldera, and other senior presidential officials, A/S Shannon and Caldera briefly discussed the November 5 election outcome and predictions for the incoming Sandinista National Liberation Front (FSLN) government, including how President-elect Daniel Ortega will handle foreign assistance inputs. Caldera remarked that Ortega's stance and tone thus far are encouraging and applauded our efforts to engage the President-elect. Caldera, however, doubts Ortega will be able to maintain his calm, conciliatory position for long. Soon the conflicting demands of maintaining sound economic policies will collide with the enormous, unrealistic social expectations generated during the FSLN campaign. For example, the Managua mayor's recent lowering of municipal bus fares is untenable as there is no budget to sustain the subsidy and it will create problems with the IMF.

FOREIGN ASSISTANCE SECRETARIAT - IF IT AIN'T BROKE, DON'T FIX IT
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13. (C) Caldera recounted his recent meeting with UNDP official Paul Oquist -- a former U.S. citizen who worked for the Sandinista regime in the 1980s and renounced his nationality in the 1980s to become a Nicaraguan citizen. According to Caldera, Oquist was impressed by the Bolanos' government's management of foreign aid via the Foreign Ministry-coordinated Foreign Assistance Secretariat, especially after Caldera explained that the Secretariat can distinguish the interests and funding capabilities of each donor and direct these interests towards the appropriate

projects. He had urged Oquist to maintain the current mechanism, as starting from scratch by establishing a separate Ministry of Planning and Cooperation would incur additional costs, confuse donors, and delay assistance inputs.

BANANAS COMPLICATE CENTAM-EU TRADE TALKS

14. (C) Confirming his plans to continue as Central America's lead negotiator/spokesperson in the region's free trade talks with the EU, Caldera noted that only the Costa Ricans had fussed about his role. He predicted that negotiations would take 1 1/2 years or more, noting that bananas are a particularly contentious issue. Caldera explained that while Nicaragua is not usually sympathetic to Costa Rica's trade positions, it must support Costa Rica on the banana issue because some 50,000 Nicaraguans labor in Costa Rica's banana industry. For Caldera, Honduras' interest in participating in an Ecuadorian-sponsored case before the WTO alleging the EU's unfair treatment of banana exports from Latin America (in favor of former African colonies) was another detour. He had recommended that the Hondurans stay out of the case and let Ecuador carry the water for the region.

WHO'S COMING TO THE INAUGURATION?

15. (C) Caldera mentioned that the FSLN hopes to attract 15 heads of state to the January 10 presidential inauguration, including Chilean President Bachelet. However, he believes Ortega will be lucky if six or seven show. Certainly the other Central American presidents, except for Belize, will attend, and probably the Brazilian, Ecuadorian, and Bolivian presidents. He reported that while the heir to the Spanish throne has confirmed, Venezuelan President Hugo Chavez has not.

16. (U) Participants:

Nicaragua:
Foreign Minister Norman Caldera

U.S.:
A/S Thomas Shannon
Ambassador Paul Trivelli
DCM Peter Brennan
Polcouns Victoria Alvarado (notetaker)

17. (U) Assistant Secretary Thomas Shannon cleared on this cable.
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